



DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-124, C-570-125]

Certain Vertical Shaft Engines Between 99cc and Up To 225cc, and Parts Thereof from the People's Republic of China: Antidumping and Countervailing Duty Orders

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: Based on affirmative final determinations by the Department of Commerce (Commerce) and the U.S. International Trade Commission (ITC), Commerce is issuing antidumping duty (AD) and countervailing duty (CVD) orders on certain vertical shaft engines between 99cc and up to 225cc, and parts thereof (small vertical engines) from the People's Republic of China (China).

DATES: Applicable [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: Benjamin Lubberda (AD) or Ajay Menon (CVD), AD/CVD Operations, Office II, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-2185 or (202) 482-1993, respectively.

SUPPLEMENTARY INFORMATION:

Background

In accordance with sections 705(d) and 735(d) of the Tariff Act of 1930, as amended (the Act), on March 12, 2021, Commerce published its affirmative final determination of sales at less-than-fair-value (LTFV)¹ and its affirmative final determination that countervailable subsidies are being provided to producers and exporters of small vertical engines from China.²

¹ See *Certain Vertical Shaft Engines Between 99cc and Up to 225cc, and Parts Thereof, from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, in Part*, 86 FR 14077 (March 12, 2021) (*LTFV Final Determination*).

² See *Certain Vertical Shaft Engines Between 99cc and Up To 225cc, and Parts Thereof from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 86 FR 14071 (March 12, 2021) (*CVD Final Determination*).

As part of these determinations, Commerce made affirmative critical circumstances findings for the Zongshen Group³ and the China-wide entity in the AD investigation and Chongqing Zongshen General Power Machine Co. in the CVD investigation.⁴ Commerce made negative critical circumstances findings for Chongqing Kohler Engines Ltd. (Chongqing Kohler) and the non-individually examined separate rate companies in the AD investigation and Chongqing Kohler and all other exporters and producers in the CVD investigation.⁵ On April 26, 2021, the ITC notified Commerce of its final affirmative determinations that an industry in the United States is materially injured by reason of LTFV imports and subsidized imports of small vertical engines from China, within the meaning of sections 705(b)(1)(A)(i) and 735(b)(1)(A)(i) of the Act.⁶ In addition, the ITC found that critical circumstances exist with regard to certain imports from China.

Scope of the Orders

The products covered by these orders are small vertical engines from China. For a complete description of the scope of the orders, *see* Appendix I to this notice.

AD Order

On April 26, 2021, in accordance with section 735(d) of the Act, the ITC notified Commerce of its final determinations that an industry in the United States is materially injured within the meaning of section 735(b)(1)(A)(i) of the Act by reason of imports of small vertical engines from China.⁷ Therefore, Commerce is issuing this AD order in accordance with sections 735(c)(2) and 736 of the Act. Because the ITC determined that imports of small vertical engines from China are materially injuring a U.S. industry, unliquidated entries of such merchandise from China entered, or withdrawn from warehouse, for consumption are subject to the

³ The Zongshen Group consists of Chongqing Zongshen General Power Machine Co., Ltd./Chongqing Daijiang Power Equipment Co., Ltd./Chongqing Zongshen Power Machinery Co., Ltd.

⁴ *See LTFV Final Determination*, 86 FR at 14077-140778; and *CVD Final Determination*, 86 FR at 14071, and accompanying Issues and Decision Memorandum at Comments 4 and 5.

⁵ *See LTFV Final Determination*, 86 FR at 14078; and *CVD Final Determination*, 86 FR at 14071, and accompanying Issues and Decision Memorandum at Comments 4 and 5.

⁶ *See* ITC's Letter, Notification of ITC Final Determinations, dated April 26, 2021 (ITC Notification).

⁷ *Id.*

assessment of antidumping duties. In addition, the ITC found that critical circumstances exist with regard to imports from China subject to Commerce's affirmative critical circumstances findings within the meaning of section 735(b)(4)(A) of the Act. As a result of Commerce's affirmative critical circumstances determination under section 735(a)(3) of the Act, and the ITC's affirmative critical circumstances determination under section 735(b)(4)(A) of the Act, retroactive duties will be applied to the relevant imports for a period of 90 days prior to the suspension of liquidation.⁸

Therefore, in accordance with section 736(a)(1) of the Act, Commerce will direct U.S. Customs and Border Protection (CBP) to assess, upon further instruction by Commerce, antidumping duties equal to the amount by which the normal value of the merchandise exceeds the export price (or constructed export price) of the merchandise for all relevant entries of small vertical engines from China. With respect to AD entries from the Zongshen Group and the China-wide entity, antidumping duties will be assessed on unliquidated entries of small vertical engines from China entered, or withdrawn from warehouse, for consumption on or after July 23, 2020, which is 90 days prior to the date of publication of the *LTFV Preliminary Determination*, in accordance with the critical circumstances finding in the final determination.⁹ With respect to entries from Chongqing Kohler and companies not individually examined, but granted a separate rate, antidumping duties will be assessed on unliquidated entries of small vertical engines from China entered, or withdrawn from warehouse, for consumption on or after October 21, 2020, the date of publication of the *LTFV Preliminary Determination*.¹⁰ Antidumping duties will not be assessed on any entries occurring after the expiration of the provisional measures period and

⁸ See section 735(c)(4) of the Act; *see also* Statement of Administrative Action Accompanying the Uruguay Round Agreements Act, H.R. Doc. 103-316, vol. 1 (1994) (SAA) at 876 ("If both agencies make affirmative {critical circumstances} determinations in their final investigations, retroactive duties will be applied for a period ninety days prior to suspension of liquidation.")

⁹ See *Certain Vertical Shaft Engines Between 99cc and Up To 225cc, and Parts Thereof, from the People's Republic of China: Preliminary Affirmative Determination of Sales at Less Than Fair Value, and Preliminary Affirmative Determination of Critical Circumstances, in Part*, 85 FR 66932 (October 21, 2020) (*LTFV Preliminary Determination*).

¹⁰ *Id.*

before publication of the ITC's final affirmative injury determinations, as further described below.

Continuation of Suspension of Liquidation - AD

In accordance with section 736 of the Act, we will instruct CBP to continue to suspend liquidation on all relevant entries of small vertical engines from China entered, or withdrawn from warehouse, for consumption on or after the date of publication of the ITC's final affirmative injury determinations in the *Federal Register*. These instructions suspending liquidation will remain in effect until further notice. For each producer and exporter combination, Commerce will also instruct CBP to require cash deposits for estimated antidumping duties equal to the cash deposit rates listed below.

Accordingly, effective on the date of publication of the ITC's final affirmative injury determinations, CBP will require, at the same time as an importer of record would normally deposit estimated duties on the subject merchandise, a cash deposit for each entry of subject merchandise equal to the cash deposit rates listed below.¹¹ As stated in the *LTFV Final Determination*, Commerce made certain adjustments for export subsidies from the *CVD Final Determination* to the estimated weighted-average dumping margin to determine each of the cash deposit rates.

Exporter	Producer	Estimated Weighted-Average Dumping Margin (percent)	Cash deposit rate (adjusted for subsidy offsets) (percent)
Chongqing Kohler Engines Ltd.	Chongqing Kohler Engines Ltd.	374.31	374.31
Chongqing Zongshen General Power Machine Co., Ltd./Chongqing Dajiang Power Equipment Co., Ltd./Chongqing	Chongqing Zongshen General Power Machine Co., Ltd./Chongqing Dajiang Power Equipment Co., Ltd./Chongqing	316.88	304.35

¹¹ See section 736(a)(3) of the Act.

Zongshen Power Machinery Co., Ltd.	Zongshen Power Machinery Co., Ltd.		
Producers Supplying the Non-Individually-Examined Exporters Receiving Separate Rates (<i>see</i> Appendix II)	Non-Individually-Examined Exporters Receiving Separate Rates (<i>see</i> Appendix II)	342.88	336.61
China-Wide Entity		541.75	535.48

Provisional Measures – AD

Section 733(d) of the Act states that suspension of liquidation pursuant to an affirmative preliminary determination may not remain in effect for more than four months, except that Commerce may extend the four-month period to no more than six months at the request of exporters representing a significant proportion of exports of the subject merchandise. Commerce published its *LTFV Preliminary Determination* on October 21, 2020.¹² On November 9, 2020, Commerce postponed the *LTFV Final Determination* and extended the provisional measures period from four months to six months.¹³ Commerce published the *LTFV Final Determination* in the *Federal Register* on March 12, 2021.¹⁴ The six-month period beginning on the date of publication of the *LTFV Preliminary Determination* ended on April 18, 2021.

Therefore, in accordance with section 733(d) of the Act, Commerce intends to instruct CBP to terminate the suspension of liquidation and to liquidate, without regard to antidumping duties, unliquidated entries of small vertical engines from China entered, or withdrawn from warehouse, for consumption after April 18, 2021, the date on which the provisional measures expired. Suspension of liquidation will resume on the date of publication of the ITC's final affirmative injury determinations in the *Federal Register*.

CVD Order

¹² See *LTFV Preliminary Determination*.

¹³ See *Certain Vertical Shaft Engines Between 99cc and Up To 225cc, and Parts Thereof, from the People's Republic of China: Postponement of Final Determination of Sales at Less Than Fair Value Investigation*, 85 FR 71319 (November 9, 2020).

¹⁴ See *LTFV Final Determination*.

On April 26, 2021, in accordance with section 705(d) of the Act, the ITC notified Commerce of its final determinations that an industry in the United States is materially injured within the meaning of section 705(b)(1)(A)(i) of the Act by reason of imports of small vertical engines from China.¹⁵ Therefore, Commerce is issuing this CVD order in accordance with sections 705(c)(2) and 706 of the Act. Because the ITC determined that imports of small vertical engines from China are materially injuring a U.S. industry, unliquidated entries of such merchandise from China entered, or withdrawn from warehouse, for consumption are subject to the assessment of countervailing duties. In addition, the ITC found that critical circumstances exist with regard to imports from China subject to Commerce's affirmative critical circumstances findings within the meaning of section 705(b)(4)(A) of the Act. As a result of Commerce's affirmative critical circumstances determination under section 705(a)(2) of the Act, and the ITC's affirmative critical circumstances determination under section 705(b)(4)(A) of the Act, retroactive duties will be applied to the relevant imports for a period of 90 days prior to the suspension of liquidation.¹⁶

Therefore, in accordance with section 706(a)(1) of the Act, Commerce will direct CBP to assess, upon further instruction by Commerce, countervailing duties on all relevant entries of small vertical engines from China. With respect to entries from Chongqing Zongshen General Power Machine Co.,¹⁷ countervailing duties will be assessed on unliquidated entries of small vertical engines from China which are entered, or withdrawn from warehouse, for consumption on or after May 26, 2020, which is 90 days prior to the date of publication of the *CVD*

¹⁵ See ITC Notification.

¹⁶ See section 705(c)(4) of the Act; see also SAA at 876 ("If both agencies make affirmative {critical circumstances} determinations in their final investigations, retroactive duties will be applied for a period ninety days prior to suspension of liquidation.")

¹⁷ Chongqing Zongshen General Power Machine Co. is cross-owned with Chongqing Zongshen Power Machinery Co., Ltd.; Zong Shen Industrial Group; Chongqing Zongshen Automobile Air Intake System Manufacturing Co., Ltd.; Chongqing Zongshen High Speed Boat Development Co., Ltd.; Chongqing Zong Shen Electrical Appliance Co., Ltd.; and Chongqing Dajiang Power Equipment Co., Ltd.

Preliminary Determination.¹⁸ With respect to entries from Chongqing Kohler¹⁹ and all other producers, countervailing duties will be assessed on unliquidated entries of small vertical engines from China which are entered, or withdrawn from warehouse, for consumption on or after August 24, 2020, the date of publication of the *CVD Preliminary Determination*.²⁰

Countervailing duties will not be assessed on any entries occurring after the expiration of the provisional measures period and before publication of the ITC's final affirmative injury determinations, as further described below.

Suspension of Liquidation - CVD

In accordance with section 706 of the Act, we will instruct CBP to reinstitute suspension of liquidation on all relevant entries of small vertical engines from China, effective on the date of publication of the ITC's final affirmative injury determinations in the *Federal Register*, and to assess, upon further instruction by Commerce, pursuant to section 706(a)(1) of the Act, countervailing duties for each entry of the subject merchandise in an amount based on the net countervailable subsidy rate for the subject merchandise. These instructions suspending liquidation will remain in effect until further notice. Commerce will also instruct CBP to require cash deposits equal to the amounts as indicated below. Accordingly, effective on the date of publication of the ITC's final affirmative injury determinations, CBP will require, at the same time as importers would normally deposit estimated duties on the subject merchandise, a cash deposit for each entry of subject merchandise equal to the subsidy rates listed below.²¹ The all-others rate applies to all producers or exporters not specifically listed below, as appropriate.

Company	Subsidy Rate (percent)
Chongqing Kohler Engines Ltd.	2.84
Chongqing Zongshen General Power Machine Co.	18.13

¹⁸ See *Certain Vertical Shaft Engines Between 99cc and up to 225cc, and Parts Thereof, from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination With Final Antidumping Duty Determination*, 85 FR 52086 (August 24, 2020) (*CVD Preliminary Determination*); see also *Certain Vertical Shaft Engines Between 99cc and Up to 225cc, and Parts Thereof from the People's Republic of China: Preliminary Affirmative Determination of Critical Circumstances, in Part, in the Countervailing Duty Investigation*, 85 FR 68851 (October 30, 2020) (*CVD Preliminary Critical Circumstances Determination*).

¹⁹ Chongqing Kohler is cross-owned with Kohler (China) Investment Company.

²⁰ See *CVD Preliminary Determination*; and *CVD Preliminary Critical Circumstances Determination*.

²¹ See section 706(a)(3) of the Act.

All Others	10.46
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Provisional Measures – CVD

Section 703(d) of the Act states that suspension of liquidation instructions issued pursuant to an affirmative preliminary determination may not remain in effect for more than four months. Commerce published its *CVD Preliminary Determination* on August 24, 2020. Therefore, the provisional measures period, beginning on the date of publication of the *CVD Preliminary Determination*, ended on December 21, 2020.

Therefore, in accordance with section 703(d) of the Act, Commerce instructed CBP to terminate the suspension of liquidation and to liquidate, without regard to countervailing duties, unliquidated entries of small vertical engines from China entered, or withdrawn from warehouse, for consumption after December 21, 2020, the date on which the provisional measures expired. Pursuant to section 707(b) of the Act, the collection of cash deposits at the rate listed above will begin on the date of publication of the ITC's final affirmative injury determination. Suspension of liquidation will also resume on the date of publication of the ITC's final affirmative injury determination.

Notifications to Interested Parties

This notice constitutes the AD and CVD orders with respect to small vertical engines from China pursuant to sections 706(a) and 736(a) of the Act. Interested parties can find a list of orders currently in effect at <http://enforcement.trade.gov/stats/iastats1.html>.

These orders are published in accordance with sections 706(a) and 736(a) of the Act and 19 CFR 351.211(b).

Dated: April 28, 2021.

Christian Marsh,
Acting Assistant Secretary for Enforcement and Compliance.

Appendix I

Scope of the Orders

The merchandise covered by these orders consists of spark-ignited, non-road, vertical shaft engines, whether finished or unfinished, whether assembled or unassembled, whether mounted or unmounted, primarily for walk-behind lawn mowers. Engines meeting this physical description may also be for other non-hand-held outdoor power equipment, including but not limited to, pressure washers. The subject engines are spark ignition, single-cylinder, air cooled, internal combustion engines with vertical power take off shafts with a minimum displacement of 99 cubic centimeters (cc) and a maximum displacement of up to, but not including, 225cc. Typically, engines with displacements of this size generate gross power of between 1.95 kilowatts (kw) to 4.75 kw.

Engines covered by this scope normally must comply with and be certified under Environmental Protection Agency (EPA) air pollution controls title 40, chapter I, subchapter U, part 1054 of the Code of Federal Regulations standards for small non-road spark-ignition engines and equipment. Engines that otherwise meet the physical description of the scope but are not certified under 40 CFR part 1054 and are not certified under other parts of subchapter U of the EPA air pollution controls are not excluded from the scope of these proceedings. Engines that may be certified under both 40 CFR part 1054 as well as other parts of subchapter U remain subject to the scope of these proceedings.

Certain small vertical shaft engines, whether or not mounted on non-hand-held outdoor power equipment, including but not limited to walk-behind lawn mowers and pressure washers, are included in the scope. However, if a subject engine is imported mounted on such equipment, only the engine is covered by the scope. Subject merchandise includes certain small vertical shaft engines produced in the subject country whether mounted on outdoor power equipment in the subject country or in a third country. Subject engines are covered whether or not they are accompanied by other parts.

For purposes of these orders, an unfinished engine covers at a minimum a sub-assembly comprised of, but not limited to, the following components: crankcase, crankshaft, camshaft, piston(s), and connecting rod(s). Importation of these components together, whether assembled or unassembled, and whether or not accompanied by additional components such as a sump, carburetor spacer, cylinder head(s), valve train, or valve cover(s), constitutes an unfinished engine for purposes of these orders. The inclusion of other products such as spark plugs fitted into the cylinder head or electrical devices (*e.g.*, ignition coils) for synchronizing with the engine to supply tension current does not remove the product from the scope. The inclusion of any other components not identified as comprising the unfinished engine subassembly in a third country does not remove the engine from the scope.

Specifically excluded from the scope of these orders are “Commercial” or “Heavy Commercial” engines under 40 C.F.R. §§ 1054.107 and 40 C.F.R. 1054.135 that have (1) a displacement of 160cc or greater, (2) a cast iron cylinder liner, (3) an automatic compression release, and (4) and a muffler with at least three chambers and volume greater than 400cc.

The engines subject to these orders are predominantly classified in the Harmonized Tariff Schedule of the United States (HTSUS) at subheading 8407.90.1010. The engine subassemblies that are subject to these orders enter under HTSUS 8409.91.9990. The mounted engines that are subject to these orders enter under HTSUS 8433.11.0050, 8433.11.0060, and 8424.30.9000. Engines subject to these orders may also enter under HTSUS 8407.90.1020, 8407.90.9040, and

8407.90.9060. The HTSUS subheadings are provided for convenience and customs purposes only, and the written description of the orders is dispositive.

Appendix II

Separate Rate Companies

Exporter	Producer
Non-Individually-Examined Exporters Receiving Separate Rates	Producers Supplying the Non-Individually- Examined Exporters Receiving Separate Rates
Changzhou Kawasaki and Kwang Yang Engine Co., Ltd.	Changzhou Kawasaki and Kwang Yang Engine Co., Ltd.

Chongqing Chen Hui Electric Machinery Co., Ltd.	CHONGQING AM PRIDE POWER & MACHINERY CO., LTD.
Chongqing Chen Hui Electric Machinery Co., Ltd.	Chongqing Kohler Motors Co., Ltd.
Chongqing HWASDAN Power Technology Co., Ltd.	Chongqing HWASDAN Power Technology Co., Ltd.
Chongqing Rato Technology Co., Ltd.	Chongqing Rato Technology Co., Ltd.
CHONGQING SENCI IMPORT&EXPORT TRADE CO., LTD.	CHONGQING AM PRIDE POWER & MACHINERY CO., LTD.
CHONGQING SENCI IMPORT&EXPORT TRADE CO., LTD.	Chongqing Zongshen General Power Machines Co., Ltd.
Jialing-Honda Motors Co., Ltd.	Jialing-Honda Motors Co., Ltd.
Loncin Motor Co., Ltd.	Loncin Motor Co., Ltd.
Wenling Qianjiang Imp. & Exp. Co., Ltd.	Chongqing Rato Technology Co., Ltd
Wenling Qianjiang Imp. & Exp. Co., Ltd.	QIANJIANG GROUP WENLING JENNFENG INDUSTRY INC.
Zhejiang Amerisun Technology Co., Ltd.	CHONGQING DINKING POWER MACHINERY CO., LTD.
Zhejiang Amerisun Technology Co., Ltd.	Chongqing Rato Technology Co., Ltd.
Zhejiang Amerisun Technology Co., Ltd.	LONCIN MOTOR CO., LTD.
Zhejiang Amerisun Technology Co., Ltd.	Zhejiang Dobest Power Tools Co., Ltd.

[FR Doc. 2021-09318 Filed: 5/3/2021 8:45 am; Publication Date: 5/4/2021]